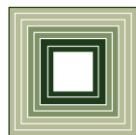


Department of the State Treasurer

Joint Appropriations Subcommittee on General Government

March 21, 2017



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Overview of the Departmental budget
 - Constitutional Office: Article III, Section 7
- Duties prescribed in Article 6, G.S. 147
- Acts as financial advisor to state and local Governments
 - Financial Operations - Investments
 - State and Local Government Financial Oversight
 - Retirement
 - Unclaimed Property
 - State Health Plan*

**State Health Plan is not under the purview of the General Government Appropriations Committee*

Mission and Vision of the Department

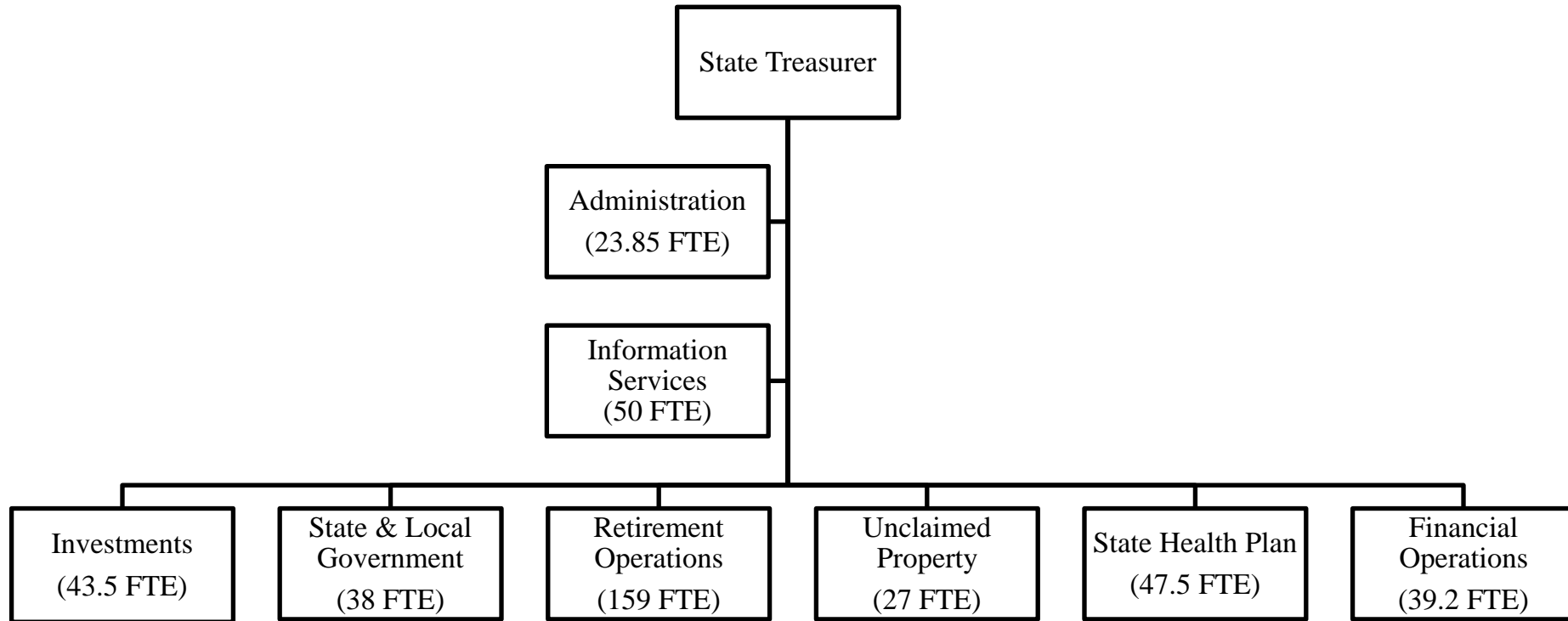
Vision

To create and maintain a fiscally sound and prosperous North Carolina

Mission

To exercise fiduciary oversight and provide outstanding customer service that provides value to, and instills confidence by, the state's citizens, customers, and financial community

Organization of the Department



The 4 ABLE FTE's are shown with Investments.

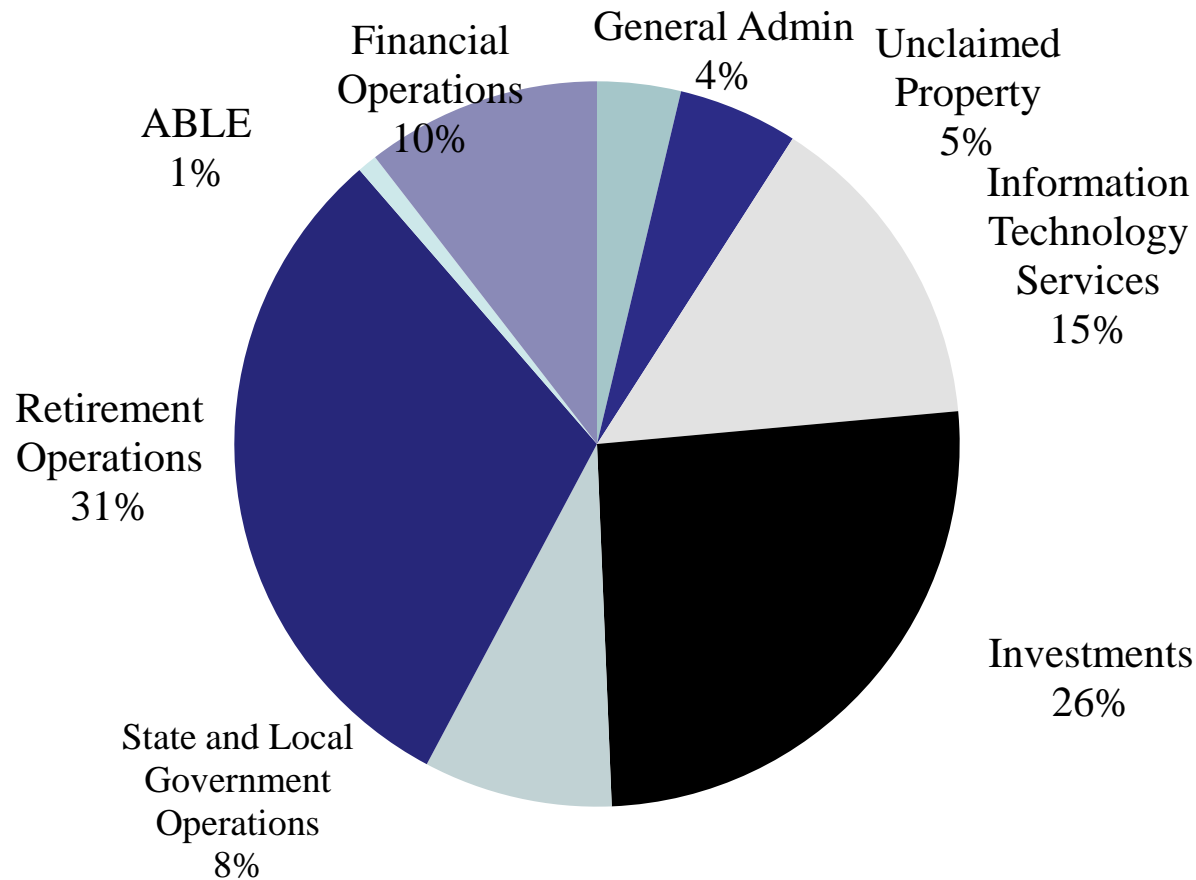
Funding for the Department

- The Department is 100% receipt-supported:
 - Funding Sources Include:
 - Funds under management
 - Internal charges to divisions under management
 - Local sales tax and fees related to debt issuances
- General Assembly authorization is required for the expenditure of State funds, in general
 - G.S. 147-69.3 gives authority to State Treasurer establish compensation plans including bonuses for employees working on investments

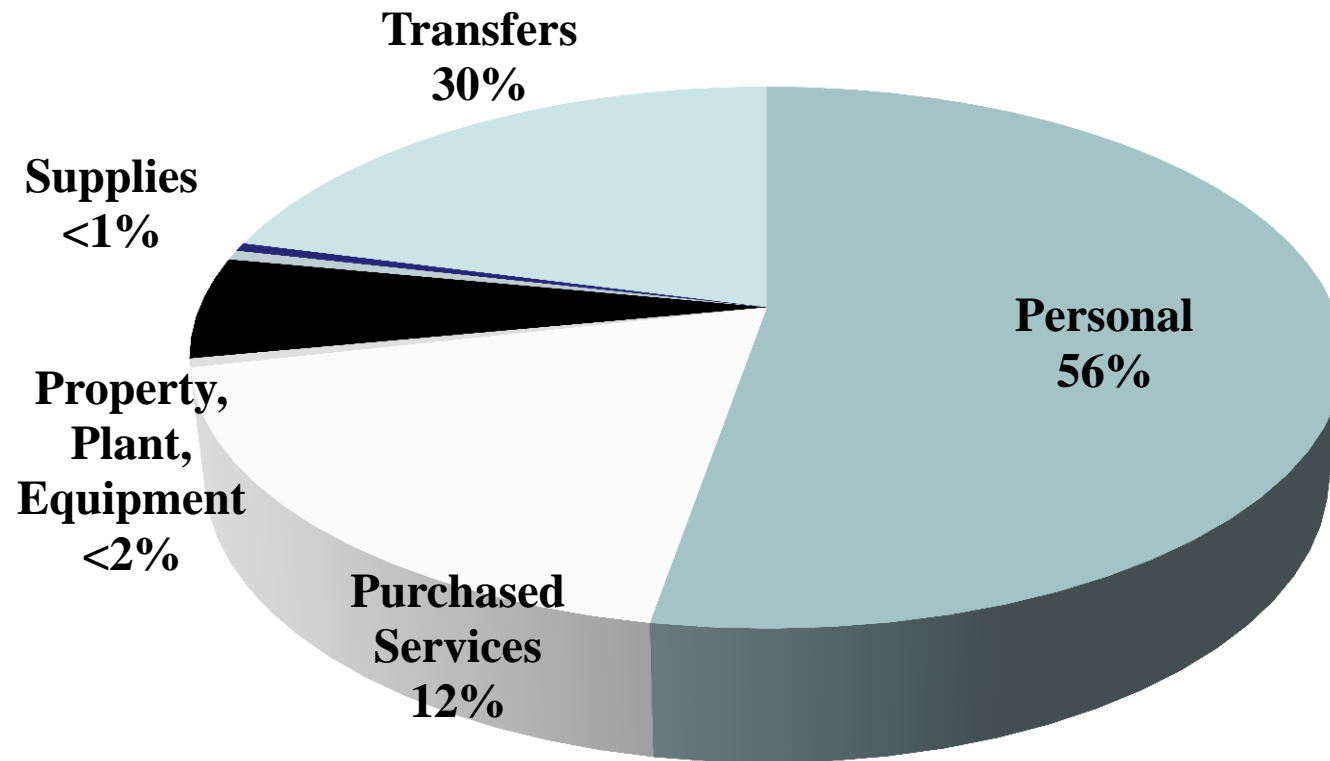
Budget History

	Actual	Actual	Actual	Actual	Actual	Actual	% Growth since 2011
Fiscal Year	2011	2012	2013	2014	2015	2016	
Requirements	\$44,236,979	\$47,633,252	\$46,008,906	\$44,944,732	\$49,539,111	\$51,393,082	16.18%
Receipts	\$35,560,173	\$41,166,097	\$39,610,979	\$37,384,094	\$40,875,231	\$46,886,146	31.85%
Appropriation	\$8,676,806	\$6,467,155	\$6,397,927	\$7,550,648	\$8,663,880	\$4,506,936	-48.06%
(FTE's)	355.94	358.9	359.9	358.9	368.94	380.1	6.79%

FY 2017-18 Base Budget, By Division, All Funds



FY 2017-18 Base Budget By Type, All Funds

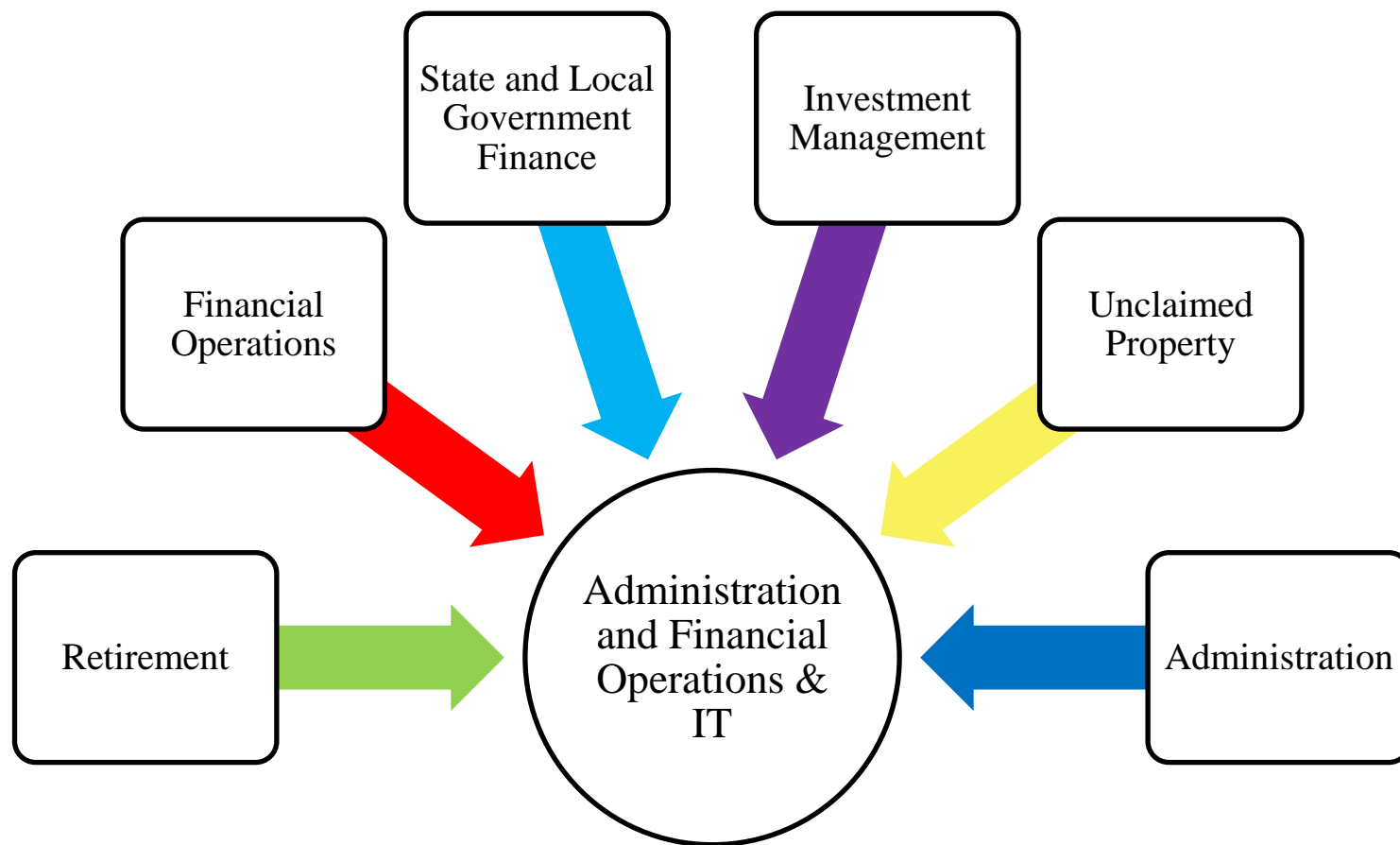


Administration of the Department

- Treasurer
- General Administration
- Legislative and Government Affairs
- Financial Operations*
- Information Management*
- Human Resources
- Internal Audit
- Community Affairs
- Communications
- Legal Counsel

* Separate Divisions within the Department

FY 2017-18 Support for Administration of Department, by Division, All Funds



Administration – Financial Operations

- G.S. 147-68 deposits all State funds with the Treasurer
- Provides Accounting Support services to the entire Department
- Provides Core Banking Services to the Entire State
 - Core Banking is allowed to cost allocate its appropriation to funds under management per G.S. 147-68.1.

Investment Management

- Invests and oversees approximately \$120 billion (2016) within retirement systems, supplemental retirement plans, and other investment funds
- Investment criteria authorized in Article 6, G.S. 147
- Includes Cash Management, Pension Funds, Ancillary Investments

State and Local Finance Division: Mission

The State and Local Government Finance Division handles the sale and delivery of all State and local debt and monitors the repayment of State and local government debt. Staff counsel and assist local governments in determining the feasibility of projects, the size of the financing and the most expedient form of financing. Additionally, this Division monitors and analyzes the fiscal and accounting practices of all local governments.

State and Local Government Finance

- Division funded by:
 - Distribution of Local Sales Tax (G.S. 105-501)
 - Fees associated with debt issuances (G.S. 159-6)
- Oversees State, Local, and other indebtedness
- Oversees local government finances
 - Unique to North Carolina
- Organization
 - Capital Facilities Finance
 - Debt Management Planning and Policy
 - Fiscal Management

Retirement Operations

- Administers Retirement and Fringe Benefit Plans for the State and other Systems
- Article V, Sec. 6 of NC Constitution
- 12th Largest Public Pension in the US
- 26nd Largest Pension Fund in the World
- Consistently ranks in top 5 states for pension funding.

Retirement Operations: Plans Managed – Systems and Funds

- Teachers and State Employee Retirement System
- Consolidated Judicial Retirement System
- Local Governmental Employee's Retirement System
- Legislative Retirement System
- Firemen's and Rescue Workers' Fund
- National Guard Pension Plan
- Register of Deeds Supplemental Pension Fund
- Many Supplemental Plans

Unclaimed Property

- Division that oversees Unclaimed (Escheats) Property
- Article IX, Section 10 of the Constitution
- Administers G.S. 116B
 - Involves:
 - Audit
 - Claims Processing
 - Call Center
 - Receipts Reporting

Information Requested

How do you measure your agency's effectiveness and outcomes?

How do you measure efficiency within your agency/department?

Do you have metrics that you use to monitor agency performance? If so, please provide.

Are you planning any changes to the current structure of your organization? Will this impact your agency's budget?

What are your overall goals for your department/agency over the next biennium?

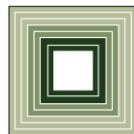
What are your budget requests/needs for the biennium? Please discuss the items in the Governor's budget.

Recent Legislative Actions

- FY 2015-16
 - ABLE Act implementation \$455,000 and \$540,000 Recurring for 4 FTE's
 - Operations Reduction of 2% taken in the Investment and Banking Division (\$188,715)R
 - Local Government Commission – 2 FTE's at \$198,864 (receipt-supported)
- FY 2016-17
 - State's Core Banking System \$450k NR
 - Operating Costs \$36k and increased receipts by \$512,000
 - Local Government Assistance – One position at a compensation level of \$99,432; paid for by receipts

Questions

Fiscal Research
919-733-4910



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03/21/2017